

Memorandum

495.0950

To: Mr. J. J. Saunders

Date: June 7, 1972

From: T. P. Putnam

Subject: X-----

In reply to your memorandum of May 31, it is my view that the audit treatment of X----- is correct, i.e., X----- is making taxable retail sales of those records distributed to radio stations at X----- request, without any charge to the radio stations, and with the understanding that X----- will furnish replacement records. The measure of tax used in the audit is appropriate.

It is unfortunate if the transactions were not treated consistently with the above approach in prior audits of X----- but that should not affect the proper application of tax.

TPP:kc

cc: Mr. R. Nunes
Mr. J. D. Paulson
Out-of-State Auditing (DMA)
San Mateo Auditing (CPL)